

Message Text

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ACTION SCI-06

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TO SECSTATE WASHDC PRIORITY 3789

INFO USMISSION IAEA VIENNA

C O N F I D E N T I A L MEXICO 7798

E.O. 11652: GDS

TAGS: ENRG, MX

SUBJECT: LAGUNA VERDE POWER REACTOR

REF: MEXICO 7625

SUMMARY: GE DIALOGUE WITH CFE (COMISION FEDERAL DE ELECTRICIDAD)
DIRECTOR GENERAL OPEN AGAIN, WITH NO FURTHER TALK OF PROJECT
CANCELLATION, BUT PROJECT ITSELF MAY ASSUME OTHER DIMENSIONS.
END SUMMARY.

1. GE OF MEXICO PRESIDENT YARBOROUGH ADVISED SCICOUNS
SEPTEMBER 11 THAT THROUGH GOOD OFFICES OF SENATOR PEREZ
RIOS, WHO ALSO HEAD OF TWO POWERFUL LABOR UNIONS
(SUTERM AND ELECTRICAL WORKERS), GE REPS RECEIVED BY CFE
DIRECTOR GENERAL FARRELL ON SEPTEMBER 9. GE DELEGATION
CONSISTED OF YARBOROUGH, J. HOLMES, WHO IN CHARGE OF
PROJECT, AND ALFONSO ZORRIVAS, GE VICE PRESIDENT FOR
EMPLOYEE RELATIONS. SENATOR PEREZ RIOS ALSO PRESENT.

2. YARBOROUGH ADVISED THAT DURING COURSE OF MEETING
FARRELL SAID NOTHING ABOUT CANCELLING THE CONTRACT.
HE DID, HOWEVER, CHIDE GE ON INSULTING GOM CAPABILITIES
IN NUCLEAR ENGINEERING AND OTHER ASPECTS OF REACTOR
FIELD, INSISTED THAT HE WANTED NO MORE QUESTIONS, NO
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MORE ADVICE, BUT DID WANT ANSWER TO BURNING QUESTION

QUOTE COULD AND WOULD GE PROVIDE HIM WITH A COMPLETE SET OF PLANS FOR A REACTOR WHICH COULD FIT AT THE LAGUNA VERDE SITE UNQUOTE.

3. HE (FARRELL) ALSO DID NOT WANT ANY COST FIGURES, SAID HE WOULD MAKE THE DECISION.

4. AT END, YARBOROUGH STATED FLATLY TO CFE DG THAT GE IS A RESPONSIBLE COMPANY, PRESENTLY CONSTRUCTING 25 NUCLEAR REACTOR SYSTEMS ABROAD, BESIDES THOSE IN US AND CANADA; THAT THEY WOULD PROVIDE THE DESIGN AND DATA REQUESTED, TOGETHER WITH THEIR PROFESSIONAL ADVICE, BECAUSE THAT IS HOW THEY OPERATE AND CFE, A NEWCOMER IN THE NUCLEAR POWER FIELD, HAD NEED FOR THE ADVICE AND COUNSEL OF THOSE WITH EXPERIENCE (AN OBVIOUS REFERENCE NOT ONLY TO GE, BUT ALSO TO BURNS & ROE AND BUFETE). FARRELL DID NOT DEMUR OR TAKE EXCEPTION TO THIS STATEMENT.

5. GE REP EXPRESSED HOPE THAT FARRELL HAS VENTED HIS SPLEEN, THAT THE VENOM IS OUT OF HIS VEINS AND THAT THEY MAY NOW GET ON WITH THE JOB. HE FURTHER ADVISED EMBREP THAT GE BOTH HERE AND AT THEIR SAN JOSE (CALIFORNIA) OFFICES ARE HARD AT WORK ON THE DRAWINGS REQUESTED, TOGETHER WITH THEIR COMMENTS ON APPLICABILITY.

6. YARBOROUGH EXPRESSED APPRECIATION FOR EMBASSY INTEREST AND SUPPORT. HE ALSO CONCURRED IN EMBREP INFORMING INEN (INSTITUTO NACIONAL DE ENERGIA NUCLEAR) OF PRESENT SITUATION.

7. IN APPRAISING INEN OF DEVELOPMENTS, EMBREP REITERATED USG INTEREST AND CONCERN IN MATTER, PARTICULARLY THAT OF USAEC, TOGETHER WITH OFFER OF ASSISTANCE PUBLICLY STATED BY AMBASSADOR MCBRIDE IN 1972.

8. INEN CONSIDERS CFE INSISTENCE ON MAKING BASIC DECISIONS IN THE NUCLEAR ENERGY FIELD INCONSISTENT WITH LEGAL AUTHORITY AND RESPONSIBILITY IN SUCH MATTERS VESTED
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IN THE INEN; FEELS THAT SITUATION WAS REACHING ABSURD PROPORTIONS; THAT ANY CHANGE IN ORIGINAL PLANS, INVOLVING SWITCH OF REACTOR DESIGN AT THIS STATE PRE-POSTEROUS; IS HOPEFUL SHIP NOW SETTLING DOWN TO EVEN KEEL. THEY ALSO EXPRESSED APPRECIATION FOR USG INTEREST.

9. SUBSTANCE OF ABOVE CONVEYED TO HELFFRICH, DEPUTY DIRECTOR USAEC DIVISION INTERNATIONAL PROGRAMS, BY SCI

COUNS IN TELECON SEPTEMBER 12 IN VIEW IMMINENT DEPARTURE
USAEC CHAIRMAN TO IAEC GC OPENING VIENNA SEPTEMBER 16,
AND LATTER'S EXPRESSED INTEREST IN MATTER.

10. POL, ECON AND SCI COUNSELORS MET WITH GE REP
HOLMES AT EMBASSY SEPTEMBER 12, WHERE DETAILS OF ABOVE
REPORT DISCUSSED AND CONFIRMED. IN REPLY TO SPECIFIC
QUESTION, GE REP SAID THAT THEY PREFERRED NO USG
INTERVENTION AT THIS TIME.
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